



General Assembly

Amendment

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Offered by:

SEN. SLOSSBERG, 14th Dist.

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To: Subst. Senate Bill No. 881

File No. 113

Cal. No. 114

"AN ACT CONCERNING THE POWERS OF THE STATE TREASURER, DIVESTMENT OF STATE FUNDS INVESTED IN COMPANIES DOING BUSINESS IN IRAN AND SUDAN, AND THE MEMBERSHIP OF THE TEACHERS' RETIREMENT BOARD AND THE CONNECTICUT STATE EMPLOYEES RETIREMENT COMMISSION."

1 Strike everything after the enacting clause and substitute the
2 following in lieu thereof:

3 "Section 1. (NEW) (*Effective October 1, 2011*) In addition to the
4 appointments authorized under section 3-13a of the general statutes, as
5 amended by this act, the Treasurer may appoint, as the Treasurer
6 determines is necessary, officers and other investment-related
7 personnel in other divisions of the office of the Treasurer, with the
8 approval of the Commissioner of Administrative Services and the
9 Secretary of the Office of Policy and Management. Such officers and
10 investment-related personnel shall serve at the pleasure of the
11 Treasurer.

12 Sec. 2. Subsection (a) of section 3-13a of the general statutes is
13 repealed and the following is substituted in lieu thereof (*Effective from*
14 *passage*):

15 (a) The Treasurer, [shall,] with the advice and consent of the
16 Investment Advisory Council, shall appoint a chief investment officer
17 and may appoint a deputy chief investment officer to assist the chief
18 investment officer, for the Connecticut retirement pension and trust
19 funds, who shall serve at the pleasure of the Treasurer and whose
20 compensation shall be determined by the Treasurer within [a] salary
21 [range] ranges established by the Treasurer in consultation with the
22 Investment Advisory Council. The provisions of section 4-40 shall not
23 apply to the compensation of said [officer. Said] officers. The chief
24 investment officer shall be sworn to the faithful discharge of duties
25 under law [. Said officer] and shall, under the direction of the
26 Treasurer and subject to the provisions of sections 3-13 to 3-13d,
27 inclusive, and 3-31b, advise the Treasurer on investing the trust funds
28 of the state. Said officer shall also perform such other duties as the
29 Treasurer may direct. In addition to said [officer] officers, the
30 Treasurer may [, with the advice and consent of the Investment
31 Advisory Council, appoint a deputy chief investment officer, whose
32 compensation shall be determined by the Treasurer within salary
33 ranges established by the Treasurer in consultation with the
34 Investment Advisory Council and that shall not be subject to the
35 provisions of section 4-40,] appoint principal investment officers,
36 investment officers and other personnel to assist said chief investment
37 officer, which officers and other personnel shall serve at the pleasure of
38 the Treasurer.

39 Sec. 3. Section 3-13g of the general statutes is repealed and the
40 following is substituted in lieu thereof (*Effective from passage*):

41 (a) For the purposes of this section:

42 (1) "Company" means any corporation, utility, partnership, joint
43 venture, franchisor, franchisee, trust, entity investment vehicle,

44 financial institution or other entity or business association, including
45 all wholly-owned subsidiaries, majority-owned subsidiaries, parent
46 companies or affiliates of such entities or business associations that
47 exist for the purpose of making profit;

48 (2) "Doing business in Iran" means engaging in commerce in any
49 form in Iran, including maintaining equipment, facilities, personnel or
50 other apparatus of business or commerce in Iran, including, but not
51 limited to, the lease or ownership of real or personal property in Iran
52 or engaging in any business activity with the government of Iran;

53 (3) "Invest" means the commitment of funds or other assets to a
54 company, including, but not limited to, the ownership or control of a
55 share or interest in the company, and the ownership or control of a
56 bond or other debt instrument by the company;

57 (4) "Iran" means the Islamic Republic of Iran, including its
58 government and any of its agencies, instrumentalities or political
59 subdivisions;

60 (5) "Mineral extraction activities" include (A) activities such as
61 exploring, extracting, processing, transporting, or wholesale selling or
62 trading of elemental minerals or associated metal alloys or oxides
63 (ore), including gold, copper, chromium, chromite, diamonds, iron,
64 silver, tungsten, uranium and zinc, and (B) facilitating such activities,
65 including providing supplies or services in support of such activities;

66 (6) "Oil-related activities" include, but are not limited to, activities
67 such as (A) owning rights to oil blocks, (B) exporting, extracting,
68 producing, refining, processing, exploring for, transporting, selling or
69 trading of oil, (C) constructing, maintaining or operating a pipeline,
70 refinery or other oil field infrastructure, and (D) facilitating such
71 activities, including providing supplies and services in support of such
72 activities, but does not include the selling of retail gasoline and related
73 consumer products; and

74 (7) "Petroleum resources" means petroleum, petroleum byproducts

75 and natural gas.

76 (b) The State Treasurer shall review the major investment [policies]
77 holdings of the state for [purposes of ensuring that state funds are not
78 invested in any corporation engaged in any form of business in Iran
79 which could be considered to be contrary to the foreign policy or
80 national interests of the United States, particularly in respect to the
81 release of all American hostages held in Iran.] the purpose of
82 determining the extent to which state funds are invested in companies
83 doing business in Iran. Whenever feasible and consistent with the
84 fiduciary duties of the State Treasurer, the State Treasurer shall
85 encourage companies in which state funds are invested and that are
86 doing business in Iran, as identified by the United States Department
87 of Treasury's Office of Foreign Assets Control or the State Treasurer, to
88 act responsibly and not take actions that promote or otherwise enable
89 Iran's development of nuclear weaponry or its support of terrorism.

90 (c) The State Treasurer (1) may divest, decide to not further invest
91 state funds or not enter into any future investment in any company
92 doing business in Iran; and (2) shall divest and not further invest in
93 any security or instrument issued by Iran. In determining whether to
94 divest state funds in accordance with the provisions of subdivision (1)
95 of this subsection, the factors that the Treasurer shall consider shall
96 include, but not be limited to, the following: (A) Revenues paid by
97 such company directly to the government of Iran; (B) whether the
98 company is doing business in Iran that involves contracts with or
99 provision of supplies or services to (i) the government of Iran, (ii)
100 companies in which the government of Iran has any direct or indirect
101 equity share, (iii) consortia or projects commissioned by the
102 government of Iran, or (iv) companies involved in consortia or projects
103 commissioned by the government of Iran where such business
104 involves oil-related activities, mineral extraction activities, investments
105 that directly and significantly contribute to the development of Iran's
106 petroleum resources or any other business activity that has been made
107 the subject of economic sanctions imposed by the United States
108 government; (C) whether the company has demonstrated complicity

109 with an Iranian organization that has been identified as a terrorist
110 organization by the United States government; (D) whether such
111 company knowingly obstructs lawful inquiries into its operations and
112 investments in Iran; (E) whether such company attempts to circumvent
113 any applicable sanctions of the United States; (F) the extent of any
114 humanitarian activities undertaken by such company in Iran; (G)
115 whether such company is authorized by the federal government of the
116 United States to do business in Iran; and (H) any other factor that the
117 Treasurer deems prudent. In the event that the Treasurer determines
118 that divestment of state funds is warranted from a company in which
119 state funds are invested due to such company doing business in Iran,
120 the Treasurer shall give notice to such company that such funds shall
121 be divested from such company for as long as such company does
122 business in Iran.

123 (d) The State Treasurer shall, at least once per fiscal year, provide a
124 report to the Investment Advisory Council on actions taken by the
125 Treasurer pursuant to the provisions of this section.

126 (e) The provisions of this section shall no longer be effective if both
127 of the following occur: (1) Iran is no longer designated by the United
128 States Department of State as a country that is a state sponsor of
129 terrorism due to said department's determination that the country
130 repeatedly provides support for acts of international terrorism; and (2)
131 the President of the United States certifies to the appropriate
132 committee of Congress, pursuant to P.L. 104-172, as amended from
133 time to time, that Iran has ceased its efforts to design, develop,
134 manufacture or acquire a nuclear explosive device or related materials
135 and technology.

136 Sec. 4. Subsection (a) of section 3-21e of the general statutes is
137 repealed and the following is substituted in lieu thereof (*Effective from*
138 *passage*):

139 (a) For the purposes of this section and subsection (a) of section 3-
140 37:

141 (1) "Company" means any corporation, utility, partnership, joint
142 venture, franchisor, franchisee, trust, entity investment vehicle,
143 financial institution or [any wholly-owned subsidiary of such
144 corporation] other entity or business association, including all wholly-
145 owned subsidiaries, majority-owned subsidiaries, parent companies or
146 affiliates of such entities or business associations, that exist for the
147 purpose of making profit;

148 (2) "Doing business in Sudan" means engaging in commerce in any
149 form in Sudan, including maintaining equipment, facilities, personnel
150 or other apparatus of business or commerce in Sudan, including, but
151 not limited to, the lease or ownership of real or personal property in
152 Sudan, or engaging in any business activity with the government of
153 Sudan;

154 (3) "Invest" means the commitment of funds or other assets to a
155 company, including, but not limited to, the ownership or control of a
156 share or interest in the company, and the ownership or control of a
157 bond or other debt instrument by the company; and

158 (4) "Sudan" means the Republic of Sudan, including its government,
159 and any of its agencies, instrumentalities or political subdivisions.

160 Sec. 5. Subsection (a) of section 5-155a of the general statutes is
161 repealed and the following is substituted in lieu thereof (*Effective July*
162 *1, 2011*):

163 (a) The general administration and responsibility for the proper
164 operation of the state employees retirement system is vested in a single
165 board of trustees to be known as the Connecticut State Employees
166 Retirement Commission. Notwithstanding the provisions of section 4-
167 9a, the Retirement Commission shall consist of the following: (1) [Six]
168 The Treasurer or a designee, who shall be a nonvoting ex-officio
169 member; (2) six trustees representing employees who shall be
170 appointed by the bargaining agents in accordance with the provisions
171 of applicable collective bargaining agreements. The trustees
172 representing employees shall not be members of the same bargaining

173 unit. The trustees representing employees shall serve three-year terms;
174 [(2)] (3) six management trustees who are members of the state
175 employees retirement system, who shall serve three-year terms. The
176 management trustees shall be appointed by the Governor; [(3)] (4) two
177 actuarial trustees who are enrolled actuaries and Fellows of the Society
178 of Actuaries. One actuarial trustee shall be nominated by the
179 management trustees and one shall be nominated by the trustees
180 representing employees. The Governor shall appoint the actuarial
181 trustees for three-year terms; and [(4)] (5) one neutral trustee who shall
182 be chairman of the State Employees Retirement Commission. Such
183 neutral trustee shall be enrolled in the National Academy of
184 Arbitrators and shall be nominated by the employee and management
185 trustees and appointed by the Governor. The neutral trustee shall
186 serve a two-year term. If a vacancy occurs in the office of a trustee, the
187 vacancy shall be filled for the unexpired term in the same manner as
188 the office was previously filled. The trustees, with the exception of the
189 chairman and the actuarial trustees, shall serve without compensation
190 but shall be reimbursed in accordance with the standard travel
191 regulations for all necessary expenses that they may incur through
192 service on the commission. The chairman and the actuarial trustees
193 shall be compensated at their normal and usual per diem fee, plus
194 travel expenses, from the funds of the retirement system for each day
195 of service to the commission. Each trustee shall, within ten days after
196 appointment or election, take an oath of office that so far as it devolves
197 upon the trustee, the trustee will diligently and honestly administer
198 the affairs of the commission, and will not knowingly violate or
199 willingly permit to be violated any of the provisions of law applicable
200 to the state retirement system. Each trustee's term shall begin from the
201 date the trustee takes such an oath. The trustees shall appoint a
202 representative from among the municipalities that have accepted the
203 provisions of part II of chapter 113, who shall serve as a municipal
204 liaison to the commission, at the commission's pleasure and under
205 such terms and conditions as the commission may prescribe. Each
206 trustee shall be entitled to one vote on the commission. A majority of
207 the commission shall constitute a quorum for the transaction of any

208 business, the exercise of any power or the performance of any duty
209 authorized or imposed by law. The Retirement Commission shall be
210 within the Retirement Division of the office of the Comptroller for
211 administrative purposes only. The Comptroller, ex officio, shall be the
212 nonvoting secretary of the commission and shall provide secretariat
213 support to the commission.

214 Sec. 6. Section 3-16 of the general statutes is repealed and the
215 following is substituted in lieu thereof (*Effective October 1, 2011*):

216 (a) The Treasurer is authorized, subject to the approval of the
217 Governor, to borrow such funds, from time to time, as may be
218 necessary, and to issue the obligations of the state therefor, signed by
219 him or her as Treasurer, which obligations shall be binding on the state
220 and shall be redeemed by the Treasurer whenever, in his or her
221 opinion, there are funds in the Treasury available for such purpose or
222 not later than two years from the date of issuance, whichever is earlier.

223 (b) The Governor shall specify, in his or her approval of temporary
224 borrowing undertaken pursuant to subsection (a) of this section the
225 dollar amount of such borrowing.

226 (c) Concurrently with the Governor's notice to the Treasurer of
227 approval of such borrowing, the Governor shall provide notice of
228 approval of such borrowing to the chairs and ranking members of the
229 joint standing committees of the General Assembly having cognizance
230 of matters relating to finance, revenue and bonding and
231 appropriations.

232 Sec. 7. Subsection (c) of section 5-169 of the general statutes is
233 repealed and the following is substituted in lieu thereof (*Effective July*
234 *1, 2011*)

235 (c) The Governor shall appoint a board of seven physicians, each of
236 whom is a current or retired state employee and two of whom shall be
237 experienced in psychiatry, to serve at his pleasure as a medical
238 examining board to determine whether each applicant for disability

239 retirement is entitled thereto. Three of such members, one of whom
 240 shall be the elected chairman or the elected secretary of the board, shall
 241 constitute a quorum for the determination of any applicant's
 242 entitlement. The chairman or the secretary shall report the findings of
 243 the board to the Retirement Commission from time to time as
 244 requested by the commission as to the entitlement of each applicant or
 245 the continuance of disability of members so retired. The Comptroller is
 246 authorized to pay for stenographic and professional services as
 247 requested and approved by the board."

This act shall take effect as follows and shall amend the following sections:		
Section 1	<i>October 1, 2011</i>	New section
Sec. 2	<i>from passage</i>	3-13a(a)
Sec. 3	<i>from passage</i>	3-13g
Sec. 4	<i>from passage</i>	3-21e(a)
Sec. 5	<i>July 1, 2011</i>	5-155a(a)
Sec. 6	<i>October 1, 2011</i>	3-16
Sec. 7	<i>July 1, 2011</i>	5-169(c)